

Joint Statement of
Michael Thibault and Christopher Shays, Co-Chairs
The Commission on Wartime Contracting in Iraq and Afghanistan

Hearing:

Private Security Contractors in Iraq: Where Are We Going?

Room 106, Dirksen Senate Office Building, Washington, DC
9:30 a.m., Monday, June 21, 2010

[As prepared for delivery.]

Good morning. I am Michael Thibault, co-chairman of the Commission on Wartime Contracting in Iraq and Afghanistan. Thank you for attending this hearing, which will explore timely and important issues regarding America's use of private security contractors, or PSCs, in Iraq.

This opening statement is made on behalf of Co-Chairman Christopher Shays, our fellow Commissioners, and myself. The other Commissioners at the dais today are Clark Kent Ervin, Grant Green, Robert Henke, Katherine Schinasi, Charles Tiefer, and Dov Zakheim.

The Commission met in this room Friday for a hearing on the question whether private security contractors in Iraq might be performing inherently governmental functions. As Co-Chair Shays noted in opening that hearing, the Office of Management and Budget is preparing new guidance on defining inherently governmental functions, plus "closely associated" or "critical" functions that may need either government performance or close oversight of private contractors.

We are looking into that issue as part of our overall mandate from Congress. Besides that mandate, there are some important

facts on the ground that give this hearing special salience:

1. There are about 19,000 PSC employees working in Iraq; about 14,000 of them are under Department of Defense contracts, and roughly 5,000 work for the Department of State and the U.S. Agency for International Development (USAID).
2. The massive drawdown of U.S. forces in Iraq aims at cutting our military presence to less than 50,000 by the end of August, and to zero by the end of 2011.
3. Most of the security duties currently executed by the U.S. military in Iraq and by DoD contractors are being handed off to the Department of State.
4. State will need more security contractors, many of them with special skills.
5. The drawdown and the security-function hand-off will put increased strain on our systems for planning, acquiring, overseeing, contract- and program-managing, and evaluating performance related to PSC work.

Let me give you some specifics to clarify the foundations and the implications of these facts. Commissioner Green and I, accompanied by some Commission staff experts, were in Iraq last month to prepare for this hearing. We met with DoD, State, and USAID people involved in security issues. And we got out into the country, visiting four forward operating bases (FOBs).

Our fact-finding visit confirmed what our research and our hearings have already documented: there are already weaknesses in America's use of PSCs, especially with respect to effective internal controls to ensure full and proper vetting of security contractors. The problems may get bigger and more costly in the months ahead.

We saw significant problems at three of the four FOBs we visited. At one FOB, we found 17 Iraqis and more than 50 third-country nationals had been on guard duty protecting that U.S. base for about two weeks without proper vetting. At another, a contractor CEO intervened personally to try to get third-country nationals posted to guard duty before they were properly authorized. Fortunately, military officers turned him down. These lapses and others like them could, obviously, turn into very bad situations if unauthorized, unvetted PSCs turned out to be sympathetic to insurgents.

Such concerns will only grow, for at least four reasons:

1. The State Department lacks the personnel, equipment, experience, and training to take on some of the security functions that have been provided by DoD. These could include quick-reaction combat teams, route-clearance capabilities, recovery of wounded personnel and

damaged vehicles, the counter-rocket and counter-battery teams that return hostile indirect fire within seconds, and the experts and vehicles that detect and dispose of improvised explosive devices, or IEDs.

2. The Iraqi government currently lacks many of these capabilities, as well as a robust and consistent system for monitoring and regulating PSC operations in the country.
3. While the military's planning for its part of the Iraq drawdown appears to be thorough and well executed, we have found plans for contractor management during and after the drawdown much less developed—and have made that concern known to the Executive Branch.
4. The dramatic expansion of State's security responsibilities in Iraq could lead to weakly managed contractors performing inherently governmental functions in a combat zone—a scenario with large downside risks on both policy and practical grounds, such as concerns for the safety of remaining government and contractor employees.

These are huge challenges, driven by both the scale and the peculiarities of our engagement in Iraq. The United States has used PSCs in other areas such as the Balkans, but never on such a scale as in Iraq and Afghanistan. The exigencies of the Iraq drawdown and the Defense-to-State hand-off aggravate the problems already created by the scale of PSC use, including the loose PSC oversight practiced by USAID.

Today we will explore processes, internal controls, and current issues related to PSC management and oversight. We will also probe the many challenges ahead as the military-managed security environment in Iraq transitions to State Department control. At this time, the bottom line appears to be that a lack of timely and effective coordination between Defense and State could undermine the progress achieved by the U.S. military, embolden insurgents, and jeopardize the safety of Americans left in Iraq.

This is a troubling prospect. With the troop drawdown under way and operational demands in Afghanistan rising, we simply cannot afford to return to the pre-surge, "Wild, Wild West" days of 2006-2007 in Iraq.

Today's hearing has two panels of witnesses. The first panel comprises four government witnesses who can speak to roles, responsibilities, planning, and program management of PSCs in Iraq. The witnesses are:

- Gary J. Motsek, Assistant Deputy Under Secretary of Defense for Program Support;
- Charlene Lamb, Deputy Assistant Secretary of State for International Programs, Bureau of Diplomatic Security;
- David Blackshaw, Overseas Security Division Chief, Office of Security, United States Agency for International Development; and
- Edward Harrington, Deputy Assistant Secretary of the Army for Procurement.

The second panel brings together four industry witnesses who will testify on government's program management of PSCs in Iraq. They are:

- Don Ryder, vice president, Civilian Police Programs (CIVPOL), DynCorp International;
- Kristi Clemens Rogers, president, Aegis Defense Services;
- Ignacio Balderas, director and chief executive officer, Triple Canopy; and
- Jerry Torres, chief executive officer, Torres Advanced Enterprise Solutions.

We have asked our witnesses to summarize their testimony in 5 to 7 minutes in order to ensure adequate time for questions, answers, and debate. We also ask that witnesses submit within 15 business days responses to any questions for the record and any additional information they may offer to provide. The full texts of their written statements will be entered into the hearing record and posted on the Commission's website.

On behalf of the Commission, we thank all of today's witnesses for participating in a very important hearing. Now, if the witnesses for our first panel will rise and raise their right hands, I will swear them in.

Do you solemnly swear or affirm that the testimony you will give in this hearing is the truth, the whole truth, and nothing but the truth?

Thank you. Let the record show that all the witnesses answered in the affirmative.

Mr. Motsek, please begin.

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